

Internal Control Assessment Credit Bureau Reporting

Purpose

To ensure that FSA's internal control policies and standards regarding credit bureau reporting comply with policies established by OMB Circular A-129.

Background

In accordance with OMB Circular A-129, FSA must be able to identify and refer debts to credit bureaus in accordance with the requirements of 31 U.S.C. § 3711. FSA must refer **all** non-tax, non-tariff commercial accounts (current and delinquent) and **all** delinquent non-tariff and non-tax consumer accounts to credit bureaus. FSA may report *current* consumer debts as well and are encouraged to do so, but this action is not required. The reporting of current data, including delinquencies, provides a truer picture of indebtedness while simultaneously reflecting accounts that the borrower has maintained in good standing. Finally, FSA requires lenders participating in Federal loan programs to provide information regarding credit issuance, extension, or approval to credit bureaus.

Internal Control Standard

FSA must report all outstanding commercial debt information and all delinquent consumer debt information to credit bureaus.

Assessment of FSA's Compliance^{*}

We held several meetings with FSA staff and determined that not commercial account status information was reported to credit bureaus. Also, not all delinquent consumer accounts had been reported to credit bureaus. Of the XX delinquent debts consumer accounts sampled, XX% had not been reported to credit bureaus.

^{*}The actual testing phase including interviews and examination of sampled records has not yet occurred. This write up is only a sample of what may be discovered during the testing phase of the FMFIA process.